

Message Text

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PAGE 01 PARIS 22184 181106Z

12

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 RSR-01 /061 W

----- 122534

R 181045Z AUG 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2615

INFO AMEMBASSY LONDON

UNCLAS PARIS 22184

E.O. 11652: N/A

TAGS : ETRN, EIND, FR

SUBJECT : CIVAIR : LEASING MEASURES ANNOUNCED TO PROMOTE AIRCRAFT SALES

1. COMMUNIQUE ISSUED BY FINANCE MINISTRY AUGUST 16 ANNOUNCES NEW MEASURES FOR PROMOTING SALES OF FRENCH-BUILT MEDIUM AND LONG RANGE CIVIL AIRCRAFT THROUGH RECOURSE TO LEASING ARRANGEMENTS. AIM OF MEASURES IS STATED TO BE TO ALIGN FRENCH FINANCING TERMS ON THOSE PREVAILING IN OTHER COUNTRIES.

2. COMMUNIQUE STATES LEASING WOULD BE FINANCIALLY ATTRACTIVE MEANS OF MODERNIZING AIRLINE FLEETS WITHOUT OVERLY AGGRAVATING AIRLINES DEBT BURDEN, WOULD HAVE FAVORABLE IMPACT ON OPERATING COSTS THROUGH LOWER INTEREST RATES PAYABLE AS COMPARED PURCHASE NEW AIRCRAFT, AND "EQUALITY IN COMPETITIVE CONDITIONS" WOULD BE RE-ESTABLISHED FOR FRENCH AIRCRAFT INDUSTRY "WHICH UNTIL NOW DID NOT DISPOSE OF FINANCING POSSIBILITIES SIMILAR TO THOSE WHICH HAVE EXISTED FOR A LONG TIME ELSEWHERE."

3. MECHANISM ENVISAGED IS FINANCE MINISTRY APPROVAL OF SPECIALIZED ORGANIZATIONS FOR AIRCRAFT LEASING WHICH COULD TAKE CORPORATE FORM OR THAT OF GROUPEMENTS D'INTERET ECONOMIQUE. ORGANIZATIONS WOULD PURCHASE AIRCRAFT AND THEN LEASE TO AIRLINES. RELATIONSHIP BETWEEN SUCH ORGANIZATIONS AND LARGE BANKS WHICH WOULD BE SHARE-HOLDERS WOULD BE CHARACTERIZED, " AS IS THE CASE IN US AND UK" BY "PRINCIPLE OF FISCAL TRANSPARENCY," I.E. ORGANIZATIONS WOULD

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THEMSELVES HAVE NO TAX LIABILITY BUT PROFIT AND LOSS WOULD BE

APPORTIONED FOR TAX PURPOSES AMONG RESPECTIVE SHAREHOLDERS.

4. TEXT OF COMMUNIQUE FOLLOWS BY AIRGRAM.STONE

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NNN

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Decaption Date: 01 JAN 1960
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Disposition Authority: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
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Enclosure: n/a
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